

A comparative analysis of trading website management between mainland China and Taiwan

Frank Li-Sheng Chu,¹ Lecturer,
Department of Business Administration, Asia University
Taichung, Taiwan
chulisan@asia.edu.tw

Wen-Hong Chiu,³ Assistant Professor
Department of Business Administration, Asia University
Taichung, Taiwan
andychiu@asia.edu.tw

* Hui-Ru Chi,² Ph.D. Candidate, Graduate Institute of
Human Resource Management, National Chang-Hua
University of Education & Department of Finance,
National Taichung Institute of Technology,
Chang-Hua, Taiwan
td62@ntit.edu.tw

Pei-Kuan Lin,⁴ Assistant Professor,
Department of Business Administration, Asia University
Taichung, Taiwan
linpk@asia.edu.tw

Abstract— This study adopts a comparative case study to explore managerial difference of trading websites between mainland China and Taiwan. *Taobao.com* in mainland China and *Yahoo!Taiwan* are the selected cases. Through the credit rating system of the cases, this study collects a total of 3,243 appraisals of the sellers whose sale ranks first in eight industries. Each appraisal is used as a unit of analysis. Firstly there are 13 key management factors induced in this study. Then the comparative case study between mainland China and Taiwan is carried out according to these 13 factors. Finally this study derives three propositions. These propositions hint some managerial implications for both storekeepers in mainland China and Taiwan.

Keywords: trading website, trading community, comparative case study

I. INTRODUCTION

The huge market in mainland China attracts many countries to come into the market. Taiwan can play a role of transaction platform for the countries tending to enter mainland China since Economic Cooperation Framework Agreement (ECFA) signed by mainland China and Taiwan became effective in 2010. Global e-commerce transactions in 2006 amounted to 12.8 trillion, accounting for 18% of the amount of global commodity trading. In mainland China, the scale of e-commerce in the first quarter of 2009 reached 467 million dollars, compared to 2.6 billion in 1997 to grow by about 16 times. In Taiwan, the scale of e-commerce in 2009 is more than 3 hundreds of billions (New Taiwan Dollar) and the annual growth rate is more than 20%. Due to the rise of a global trend of e-commerce since 1997, e-commerce is receiving more attention. In recent years, trading community plays an important role in the economic activity and has higher growth rate.

A trading website provides a platform for merchants and buyers to trade on this platform. In addition, a trade website provides a credit rating system to help buyers and sellers to make decisions of transactions [1,2,3]. The scholars in the

field of e-commerce marketing and information decision-making generally contend that customer satisfaction has a considerable impact on customer loyalty [4,5,6]. However, the past studies concerning trading community mainly place emphasis on community identity and community loyalty [7], community characteristics [8,9], community value [10,11,12]. There were few studies exploring how trading community perceptions influence trading website management. Also the issue of managerial difference of trading websites resulted from contextual difference was seldom considered. This study aims to explore the difference of trading websites management between mainland China and Taiwan..

II. TRADING WEBSITE

The web has proven to be highly successful is the linkage of communities of various kinds together in a virtual network of common aims and needs [13]. Ref. [14] proposed the definition of virtual community is computer-mediated spaces where there is a potential for an integration of content and communication with an emphasis on member-generated content.

For the quality of trading website, Ref. [15] define e-quality as the perceived quality derived from the beginning to the end of the transaction, including information search, web sites navigation, ordering, customer service interactions, delivery, and satisfaction with the ordered product. Ref. [16] states that trust is the central dimension of e-commerce systems adoption, which is one of the most important aspects of e-commerce customer relationship management. Ref. [17] contends that the transverse dimensions of internet pharmacy include ease of use, content, accuracy, appearance, and response to the immediacy of privacy. Ref. [18] proposes the dimensions of online bookstores are tangibles, reliability, responsiveness, assurance, and empathy. Ref. [19] points out the dimensions of online stores are motivation, health, and media richness. Ref. [20] finds the dimensions of B2C shopping sites are information content, design, safety, and privacy. Ref. [21] develops a website quality

measured with four categories: ease of use, usefulness, entertainment, complementary relationship.

By observing the above studies, there are few studies concerning the interaction quality among trading communities. Moreover, the relevant issues of the comparative analysis of trading community in different context are seldom emphasized. The main purpose of this study is to supplement the research gap.

III. METHOD

This study adopts a qualitative method to carry out a comparative case study. The selected case in mainland China is *Taobao.com* while the selected case in Taiwan is *Yahoo!Taiwan*. According to the analysis by Alexa.com in 2010, these two cases rank first in the category of trading websites in mainland China and Taiwan respectively. The data collection is mainly from a credit rating system in these two cases. The concept of a credit rating and feedback system is initially established by eBay. A credit rating system provides a platform for sharing information of transaction appraisals. After completing a transaction between a seller and a buyer, a buyer can post his/her credit rating as “positive”, “neutral” or “negative”. In addition, a buyer can share his/her perception towards this transaction. Because a buyer fails to be conscious of a seller before transaction, a buyer intends to search credit rating about sellers in advance. Therefore, a credit rating system plays an important role under e-commerce circumstance.

In this study, data source mainly comes from the credit rating system in the two cases. We randomly sampled the appraisals in the sellers whose sale ranks first in eight categories respectively. These eight categories consist of food, clothing, housing, transportation, education, entertainment, beauty and 3C (computer, communication and consumer electronics). The cutting point of data collection is on 30th April 2010. On *Taobao.com*, the historical data evaluated as positive rating just only shows the latest 200 appraisals in each website. Finally we leaved 669 positive appraisals and 712 negative appraisals by deleting repetitive and non-informative appraisals, such as “Good”, “I liked it”, “Great!” etc. For the sake of balancing the number of appraisals on *Yahoo!Taiwan*, we collected a total of 200 appraisals from page 1 to page 10 in each industry (20 appraisals per page). Finally we leaved 764 positive appraisals and 1098 negative appraisals by deleting repetitive and non-informative comments. Thus we built a database consisting of 3,243 appraisals and took each appraisal as a unit of analysis. There were six analysts grouped as three teams to analyze the database. The findings and discussions of this study are described in the next section.

IV. FINDINGS AND DISCUSSIONS

The purpose of this study was to induce the key factors of trading website management and investigate the differences for the key factors between mainland China and Taiwan.

A. Key Factors for Trading Website Management

This study collected 3,243 transaction appraisals from the selected cases. After data examination, classification, analysis and in-depth interviews, the key factors for trading website management are shown as follows. We only provide the appraisal examples, as the evidences to support how management factors can be induced, for the factor “*Business Image Recognition*” due to space limitation.

- *Business Image Recognition (1)*

This factor is induced from consumers’ degree of trust towards storekeepers/sellers image. For example, the appraisals of no. ACA087 and BBA042 revealed that consumers would recommend a store/seller to other community members once they recognized their business image:

ACA087: Sincerely recommend it to all of you. It is really, really, really good! Oh! My recommendation seems no good enough. I want all to recommend it. It is a super good seller...of the legend!

BBA042: The boss is very nice, very enthusiastic! He offers super bowl merchandises! I’ll come again to his store to shop some! His service is good, he is a very positive seller of ultra-high-quality store and is always thoughtful of buyers. I strongly recommended him to all. ^^

- *Merchandise Perception (2)*

This factor is induced from consumer’s perception towards the traits and characteristics of the merchandise itself.

- *Merchandise Recognition (3)*

This factor involves that a consumer shares, his/her recognition towards a product, with other communities’ members after use of this product.

- *Communication Possibility (4)*

This factor refers to communication status between a seller and his/her consumers.

- *Privacy (5)*

This factor refers to whether a consumer’s personal information or property is given out publicly by himself/herself or someone else.

- *Community Language (6)*

This factor includes the language, symbols, word expressions, etc. used by the members of online trading communities.

- *Customization (7)*

This factor involves consumers’ requests for making changes or special services on the merchandise according to their personalized needs.

- *Merchandise Delivery (8)*

This factor highly considered by storekeepers/sellers involves all kinds of problems they might experience during the process of merchandise delivery.

- *Merchandise Refund and Replacement (9)*

It mainly involves after-sales service problems experienced frequently by storekeepers/sellers.

- *Merchandise Payment (10)*

It concerns buyer's and seller's behavior to pay and receive money for a business deal.

- *Infrastructure (11)*

An infrastructure contains the website style, transaction process, webpage design, and so on.

- *Consumption Warranty (12)*

It refers to the protection and regulations given to consumers by trading websites or relevant decree, when trading with storekeepers/seller.

- *Arbitration of Transaction Disputes (13)*

It involves a third-party that is authorized to handle the arbitration of transaction disputes when transaction quarrels occurred between consumers and sellers. This third-party could be a manager of trading website or relevant authorities.

B. Comparative Analysis of Management Factors of the Cases

Concerning the comparative analysis for the induced factors between *Yahoo!Taiwan* and *Taobao.com*, this study made a frequency table as shown in Table 1. More than 75% of credit appraisals collected from *Yahoo! Taiwan* were highly related with the six following factors, namely, "merchandise delivery," "business image recognition," "communication possibility," "merchandise recognition," "merchandise refund and replacement," and "merchandise payment." Among them, "merchandise delivery," "merchandise refund and replacement," and "merchandise payment" occupied 40% of the total data. In other words, the consumers of *Yahoo!Taiwan* pay more attention to "transaction mechanism". As for *Taobao.com*, more than 75% of credit appraisals mainly involved "merchandise recognition," "merchandise perception," "merchandise delivery," and "business image recognition," among which "merchandise recognition," "merchandise perception" were at 40% of the total data.

Based upon the above findings, the consumers of *Yahoo!Taiwan* placed greater emphasis on invisible services such as the transaction mechanism and communication during the process of consumption with storekeepers/sellers. On the other hand, the consumers of *taobao.com* paid much attention to the quality of merchandises sold by storekeepers/sellers and frequently shared comments after use of a product with other communities in order to gain recognitions and a sense of achievement from the communities. Consequently, we obtain the following proposition.

Proposition 1: Consumers in Taiwan place more emphasis on service quality while consumers in mainland China focus on product quality.

When speaking of merchandise delivery valued by both consumers of *Yahoo!Taiwan* and *taobao.com*, a further

finding revealed that, if *Yahoo! Taiwan* satisfied consumers by fast delivery and service of good quality, they would visit the website again. The consumers of *Yahoo!Taiwan* tended to require specific time and location to receive the merchandises when they were ready to be delivered. Likewise, the storekeepers/sellers of *Yahoo!Taiwan* mostly met buyers' requirements to proceed the service. Very differently, a majority of appraisals released by consumers of *Taobao.com* were negative. They usually complained that the delivery was not on schedule or that storekeepers/sellers changed their attitude after receiving payment from buyers or had passive attitudes towards merchandise delivery. Consequently, we obtain the following proposition.

Proposition 2: The storekeepers in Taiwan emphasize long-term customer relationship while the storekeepers in mainland China are insufficient in this aspect.

Both consumers of *Yahoo!Taiwan* and *taobao.com* thought highly of storekeepers/sellers' business image. Of particular note, neither the consumers of *Yahoo! Taiwan* nor those of *Taobao.com* gave many comments on the factors of system platform, namely, "infrastructure," "consumption warranty," and "arbitration of transaction disputes." This finding revealed that trading websites mainly played a third-party role. They had few direct connections with the transaction service process and merchandise quality; consequently, consumers rarely commented those factors. Consequently, we obtain the following proposition.

Proposition 3: Both consumers in Taiwan and mainland China highly consider business image of storekeepers and place less emphasis on quality of system platform.

V. CONCLUSIONS

There are thirteen key factors of trading website management induced in this study through analyzing 3,243 transaction appraisals. Moreover, based on the factors, a comparative analysis of the trading websites between Taiwan and mainland China is carried out. The results imply three propositions. The managerial implications are described as follows: 1. The storekeepers in Taiwan should continuously improve service quality to maintain consumer loyalty while those in mainland China should verify the product quality before sale; 2. The storekeepers in Taiwan should highly focus on customization service and customer relationship management while those in mainland China should move towards fostering long-term relationship with consumers; 3. Both storekeepers in Taiwan and mainland China should continuously improve business image to obtain consumer recognition; 4. Both managers of websites should enhance quality of system platform, such as webpage design, style, symbols, entertainment, functionality etc.

REFERENCES

- [1] Bolton, G. E., Katok, E. and Ockenfels, A. 2004. How Effective Are Electronic Reputation Mechanisms? An Experimental Investigation, *Management Science*, Vol. 50(11), 1587-1602.
- [2] Dellarocas, C. 2004. The Digitization of Word-of-Mouth: Promise and Challenges of Online Reputation Mechanism. *Management Science*, 49(10), 1407-1424.
- [3] Lin, J. C., and Hsieh, P. L. 2007. The influence of technology readiness on satisfaction and behavioral intentions toward self-service technologies, *Computers in Human Behavior*, 23(3), 1597-1615.
- [4] Bhattacharjee, A. 2001a. An empirical analysis of the antecedents of electronic commerce service continuance. *Decision support systems*, 32(2), 201-214.
- [5] Bhattacharjee, A. 2001b. Understanding information systems continuance: An expectation- confirmation model. *MIS Quarterly*, 25(3), 351-370.
- [6] Gustafsson A., Jasson, D. M., and Roos, I. 2005. The Effects of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*, 69(4), 210-218.
- [7] Farquhar, J., and Rowley, J. 2006. Relationships and Online Consumer-Communities. *Business Process Management Journal*, 12(2), 162-177.
- [8] McAlexander, J. H., Schouten, J. W., and Koenig, H. F. 2002. *Building Brand Community*, *Journal of Marketing*, 66(1) 38-54.
- [9] Muniz, A. M. Jr., and O'Guinn, T. C. 2001. Brand community. *Journal of Consumer Research*, 27(4), 412-432.
- [10] Monroe, K. B. 1990. *Pricing: Making Profitable Decision*, New York: McGraw-Hill.
- [11] Sheth, J. N. 1991. *Consumption Values and Market Choice*, South-Western Publishing Co, 7.
- [12] Eggert, A. and Ulaga, W. 2002. Customer Perceived Value: A Substitute for Satisfaction in Business Market?, *Journal of Business and Industrial Marketing*, 17, 107-118.
- [13] Poon, S., and Swatman, P.M.C. 1996, Electronic networking among small business in Australia--An Exploratory Study. In P.M.C. Swatman et al. (ed.), *Proceedings of the Ninth International Conference on EDI-IOS*. Bled, Slovenia, 446-460.
- [14] Hagel, J. III. and Armstrong, A. 1997. Net Gain: Expanding markets through virtual communities, *The McKinsey Quarterly*, New York, 1, 140-153.
- [15] Wolfenbarger, M. F., and Gilly, M. C. 2003. eTailQ: Dimensionalizing, Measuring, and Predicting Etail Quality. *Journal of Retailing*, 79(3), 183-198.
- [16] Saeed, K. A., Hwang, Y., and Yi, M. Y. 2003. Toward an integrative framework for online consumer behavior research: A meta-analysis approach. *Journal of End User Computing*, 15(4), 1-26.
- [17] Yang, Zhilin, and Robin T. P. 2004. Customer Perceived Value, Satisfaction, and Loyalty: The Role of Switching Costs. *Psychology & Marketing*, 21(10), 799-822.
- [18] Barnes, S. J., and Vidgen R. T. 2001. *WebQual: An Exploration of Web-site Quality*. Proceedings of the Eighth European Conference on Information Systems, 1, 298-305.
- [19] Liang, T., and Lai, H. 2002. Effect of Store Design on Consumer Purchases: An Empirical Study of On-line Bookstores, *Information & Management*, 39, 431-444.
- [20] Ranganathan, C., and Ganapathy, S. 2002. Key dimension of business to consumer web sites, *Information and Management*, 39, 457-465.
- [21] Lociaco, E. T., Watson, R. T., and Dale, G. 2000. *WebQual: A Web Site Quality Instrument*, Working Paper, Worcester Polytechnic Institute.

Table 1 Frequency table of management factors of the Cases

Order	Yahoo! Taiwan auction website			Taobao.com		
	management factors	percent	total	management factors	percent	total
1	merchandise delivery	21.9%	21.9%	merchandise recognition	19.9%	19.9%
2	business image recognition	13.0%	34.9%	merchandise perception	19.7%	39.6%
3	communication possibility	11.8%	46.7%	merchandise delivery	19.2%	58.8%
4	merchandise recognition	11.1%	57.8%	business image recognition	16.6%	75.4%
5	merchandise refund & replacement	9.7%	67.5%	Community language	7.7%	83.1%
6	merchandise payment	7.9%	75.4%	communication possibility	6.2%	89.3%
7	merchandise perception	6.4%	81.8%	merchandise refund & replacement	3.3%	92.6%
8	community language	4.7%	86.5%	merchandise payment	2.5%	95.1%
9	privacy	4.0%	90.5%	arbitration of transaction disputes	2.4%	97.5%
10	Consumption Warranty	3.1%	93.6%	customization	0.9%	98.4%
11	arbitration of transaction disputes	2.9%	96.5%	Consumption Warranty	0.8%	99.2%
12	customization	2.3%	98.8%	privacy	0.7%	99.9%
13	infrastructure	1.2%	100.0%	infrastructure	0.1%	100.0%